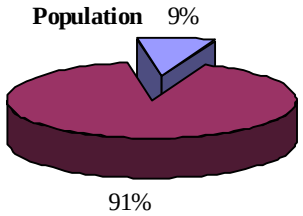
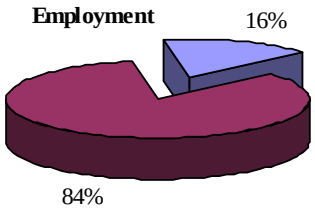
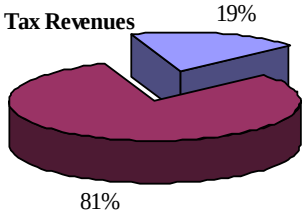
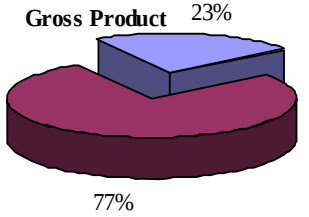
The New Boston Chartbook

A Visual Primer of Boston's Economy









THOMAS M. MENINO, MAYOR
CITY OF BOSTON

Boston Redevelopment Authority
Thomas Macann, Acting Director
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Report prepared by
Dan Abate and John Avault

Research Department
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May 2007 **Report # 612**

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The New Boston Chartbook

A Visual Primer of Boston's Economy

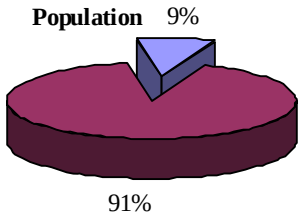
The City of Boston is the center of New England's economy in addition to being the home to the region's finest cultural, medical, educational and government institutions. Over the past half-century the city has shifted from an economy focused on manufacturing and trade to a service and finance based economy. The health care and education industries, for which Boston is known, also continue to play a lead role in the city.

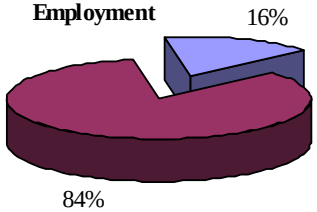
The following pages contain the story of the changes in Boston's economy portrayed in a series of graphs. A more detailed analysis is available from the BRA in a report titled, *History of Boston's Economy.*

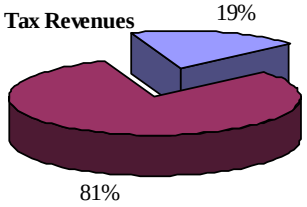
Sections:

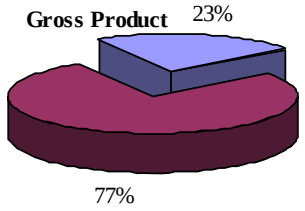
(1) Population
(2) Employment
(3) Industries
(4) Development
(5) Education
(6) Income
(7) Research
(8) Notes & Sources

Boston as a percentage of the state



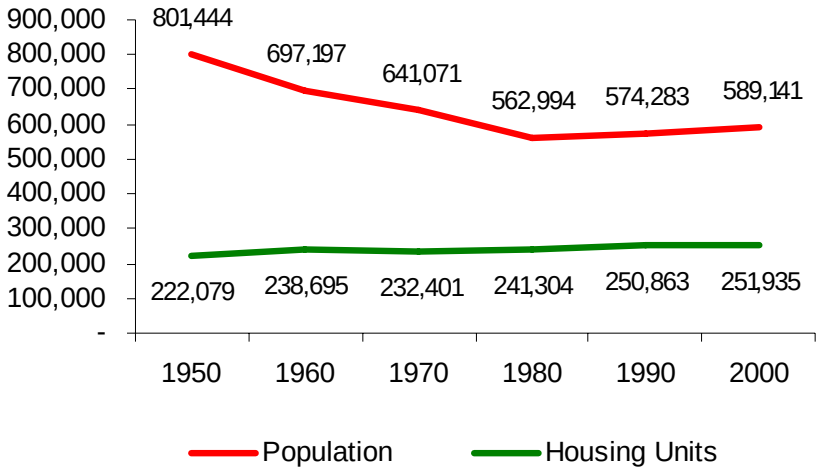


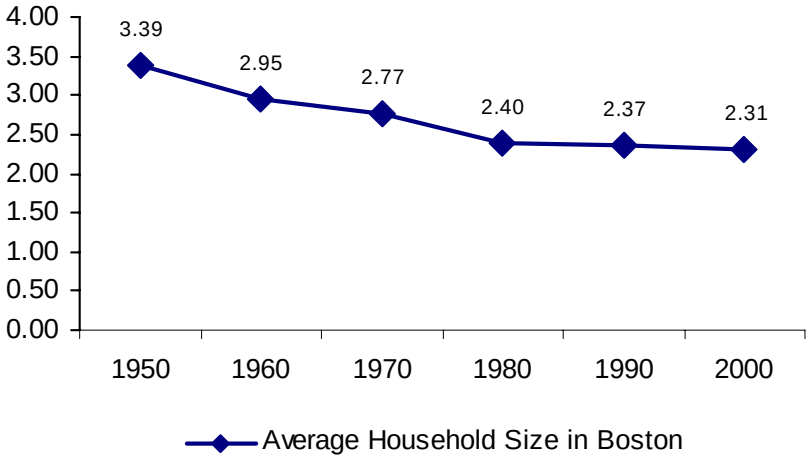




(1) Population

Boston's population is growing again as new housing production more than offsets the national trend towards smaller households.



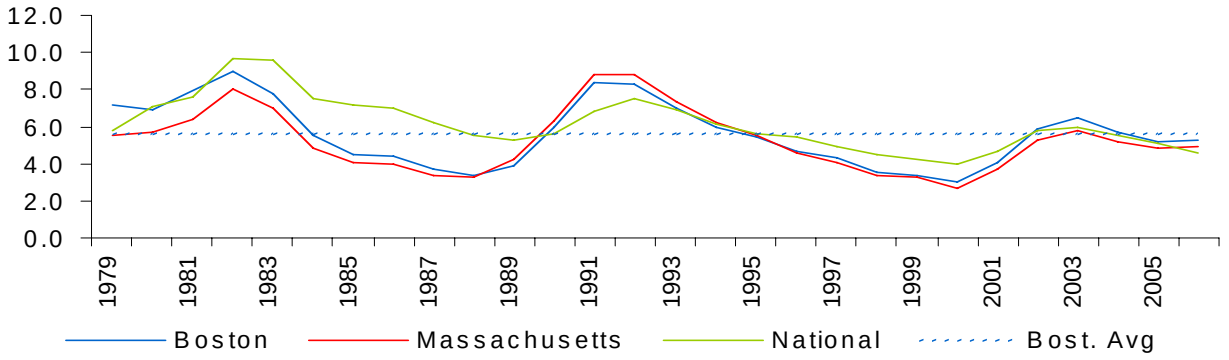


(2) Employment

The late 1990s boom brought the number of jobs in Boston to an all-time high.

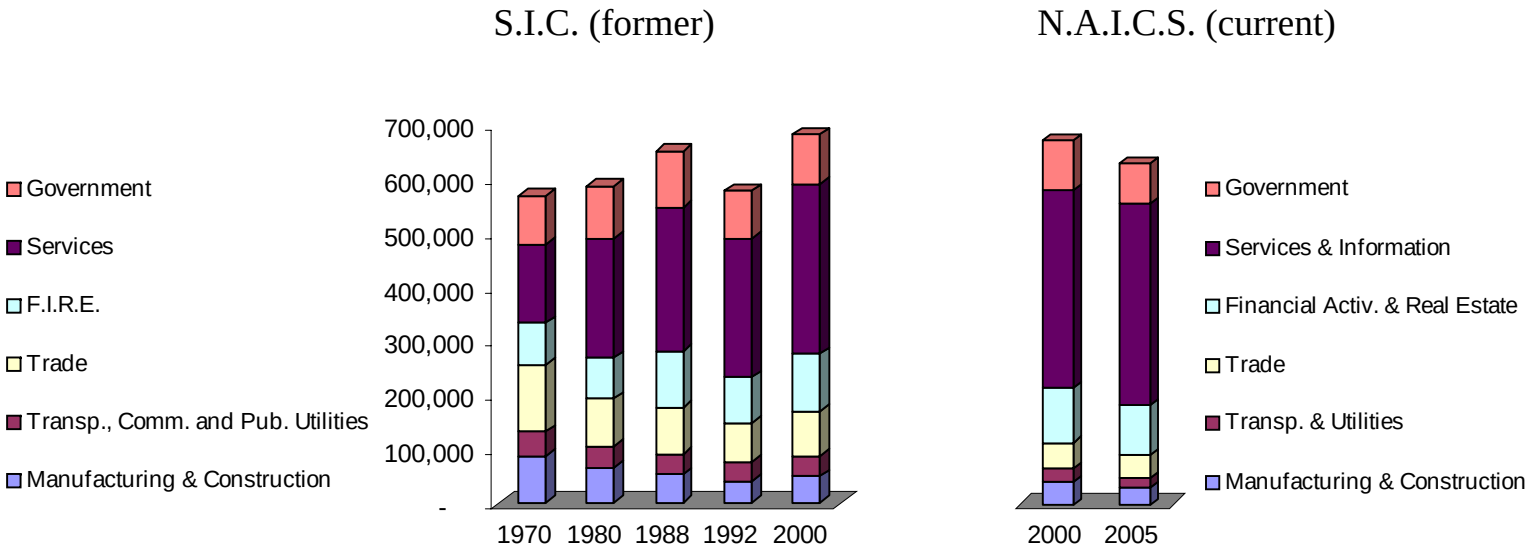
Note: Red bars indicate years of national recession.

This job growth has helped keep the city and state unemployment rates below the national average in the late 1990s; however it has risen above the national average since the 2001 national recession.



(3) Industries

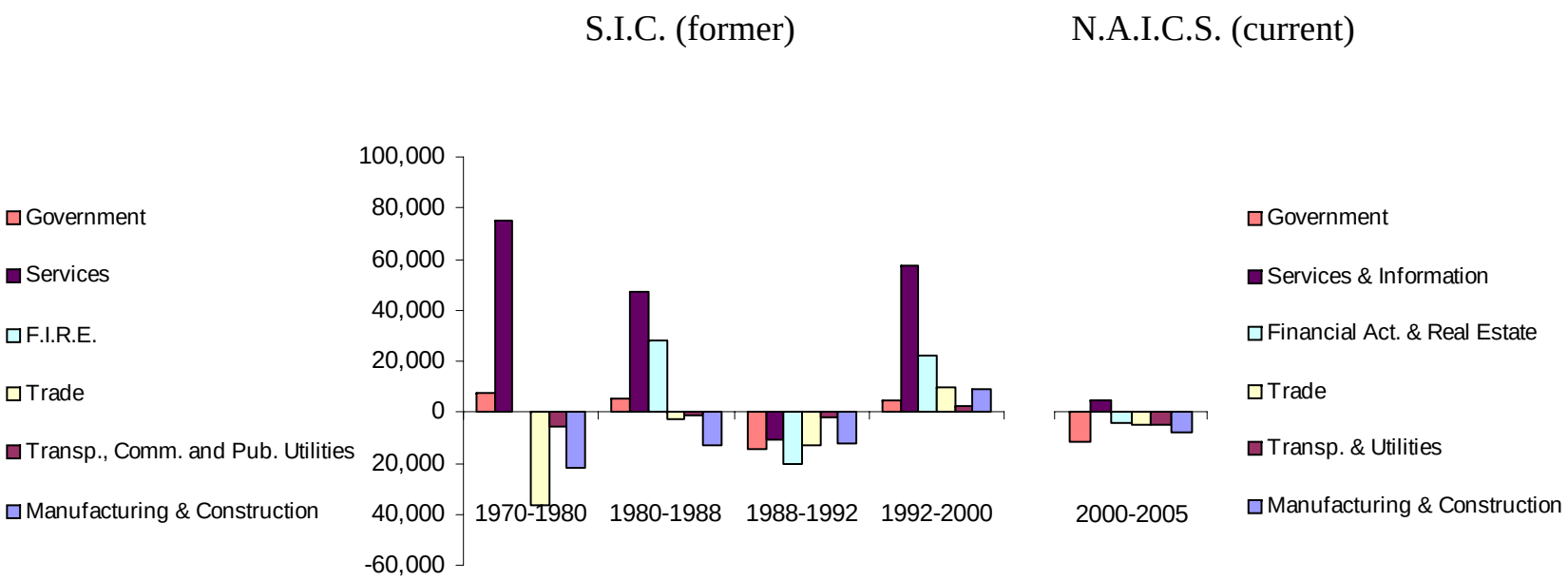
Even as the number of jobs has grown, employment has shifted to include more Service and Finance, Insurance and Real Estate (F.I.R.E) . . .



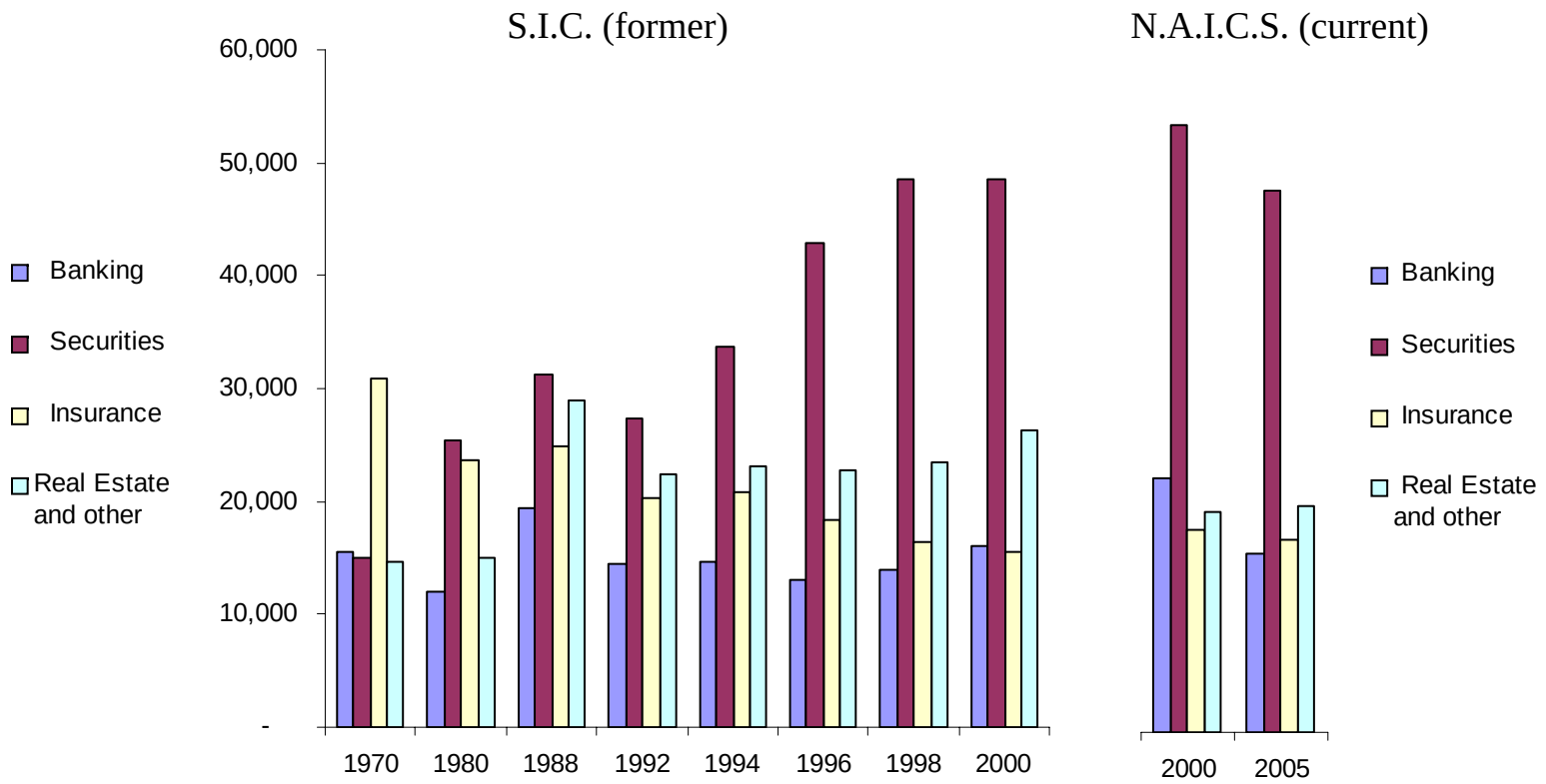
Of the years depicted here 1988 and 2000 were cyclical peaks of economic expansion and 1992 and 2005 were at or just after cyclical low points. The structural shift to service producing industries proceeded during expansions and contractions alike.

Beginning in the year 2000 the U.S. Bureau of Labor Statistics and others changed the way they reported jobs by industry. The old Standard Industrial Classification (S.I.C.) system was replaced by the North American Industry Classification System (N.A.I.C.S.). The graphs show industry employment in 2000 under both systems to provide a “bridge” between them. Although the categories shown here are similar under both systems, there are some important differences. For example restaurants were counted with Retail Trade in the S.I.C. system but N.A.I.C.S. classes them with Services.

. . . as the F.I.R.E. and Service Sectors have accounted for most of Boston's job growth since 1970.

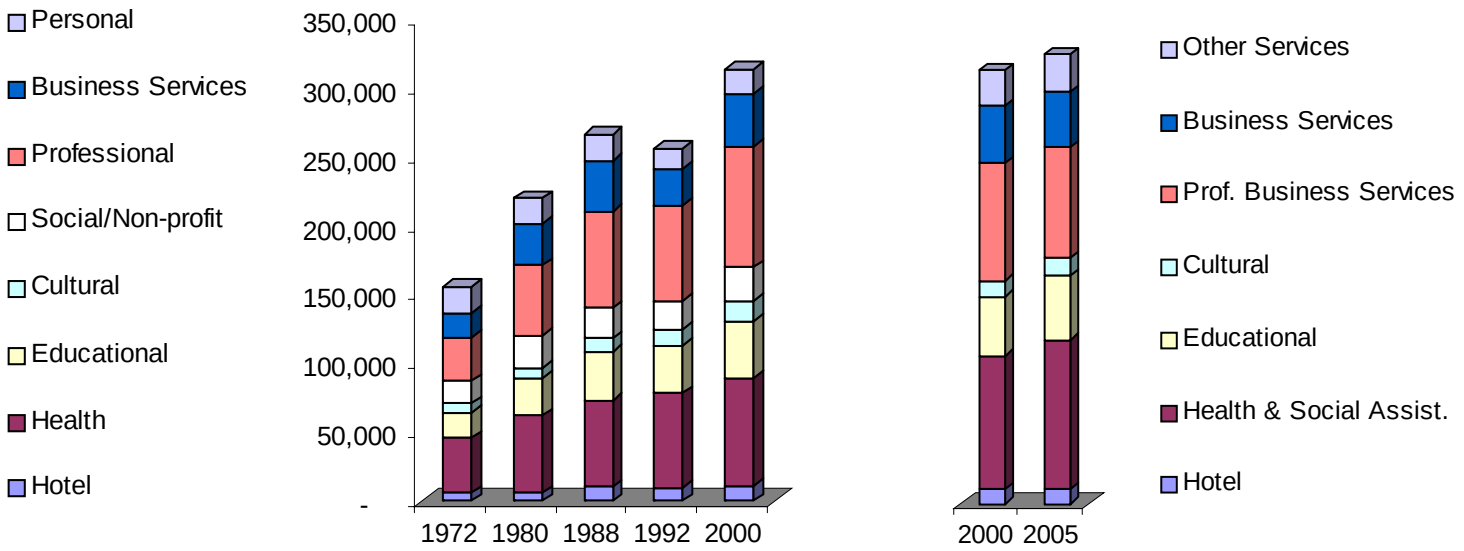


Within the F.I.R.E Sector the Securities Component has been driving job growth. Securities, which was smaller than Banking and half as large as Insurance in 1970, has been larger than both Banking and Insurance combined since 1998.



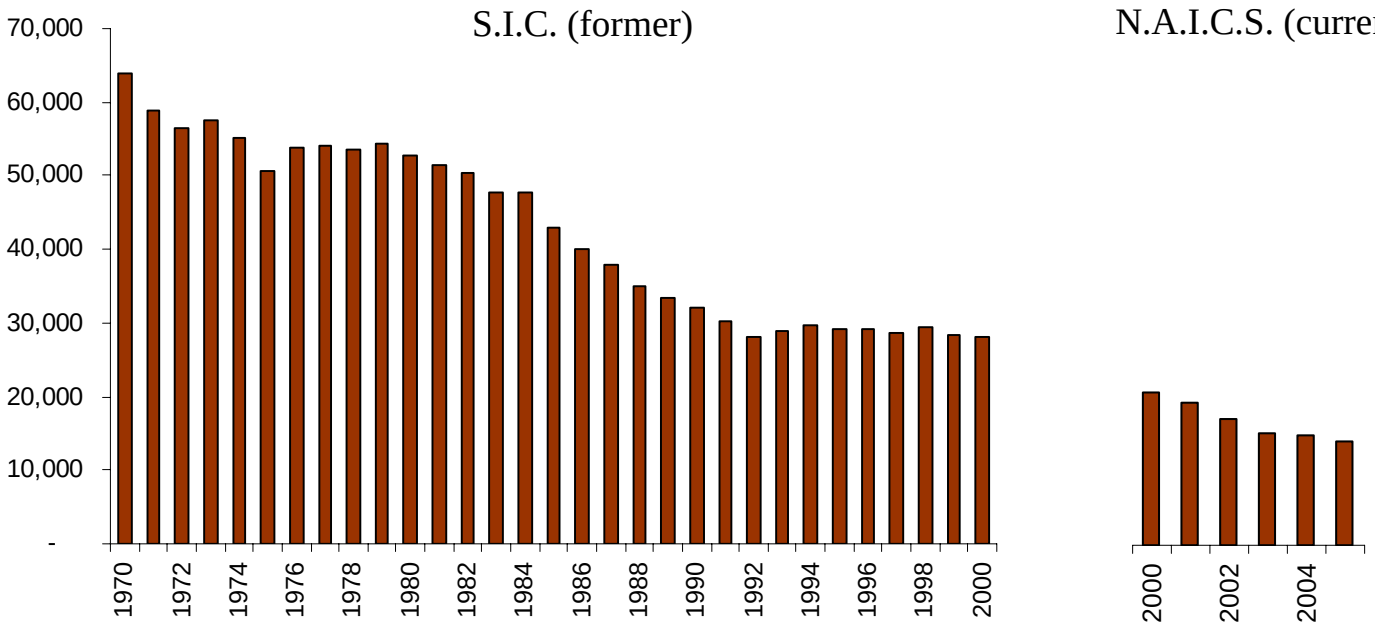
Within the Service sector, Health Care and Professional & Business Services are leading the growth.

S.I.C. (former) N.A.I.C.S. (current)

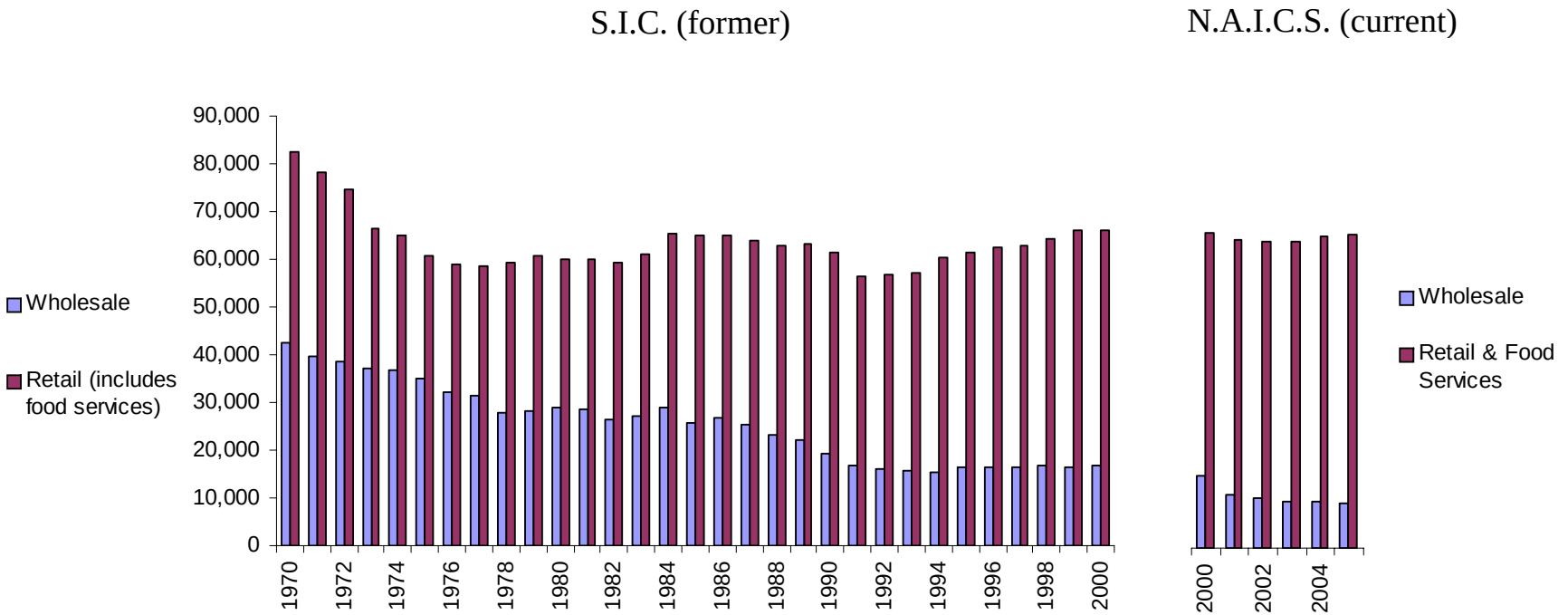


Establishments that had been reported as “Social/Non-profit” in the S.I.C. system were largely re-classified in “Other Services” or “Health + Social Assistance” in the current N.A.I.C.S. system.

In manufacturing, employment has been declining in Boston since the end of WWII although it held steady during the economic expansion of the 1990s. The new N.A.I.C.S. classification system defines manufacturing more narrowly than the old S.I.C. system, placing most white collar workers for manufacturing companies in Information or Management Industries.

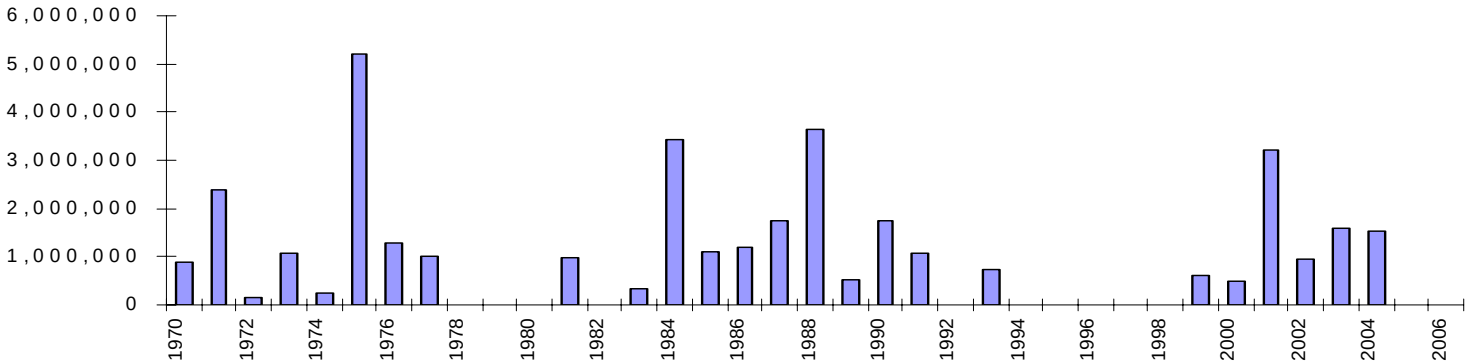


Retail employment has remained strong over the past 30 years but wholesale trade has declined as wholesalers automate and relocate.



(4) Development

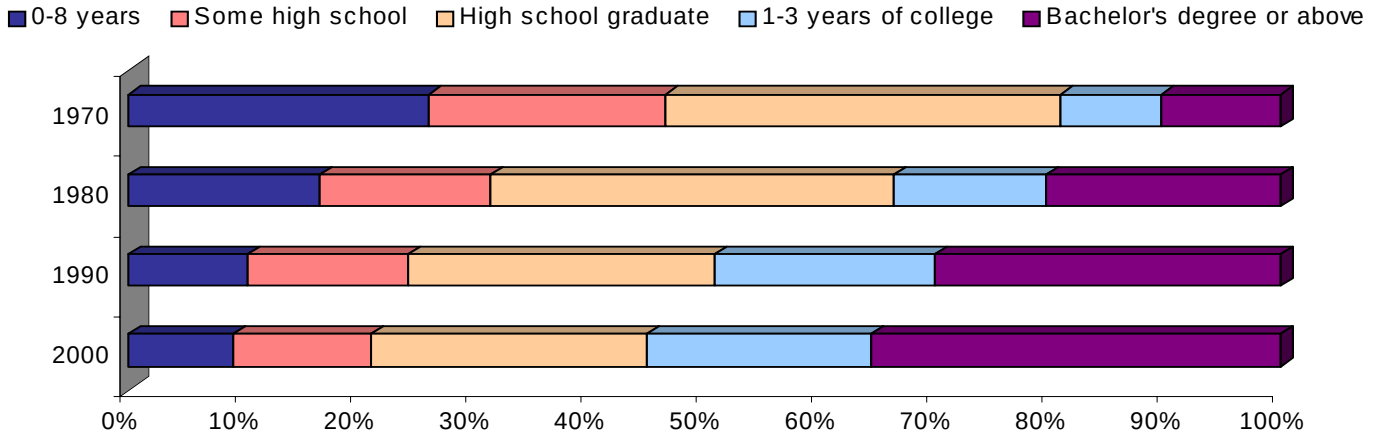
Office development is highly cyclical. Nearly 8 million square feet of office space has been added since the beginning of the decade.

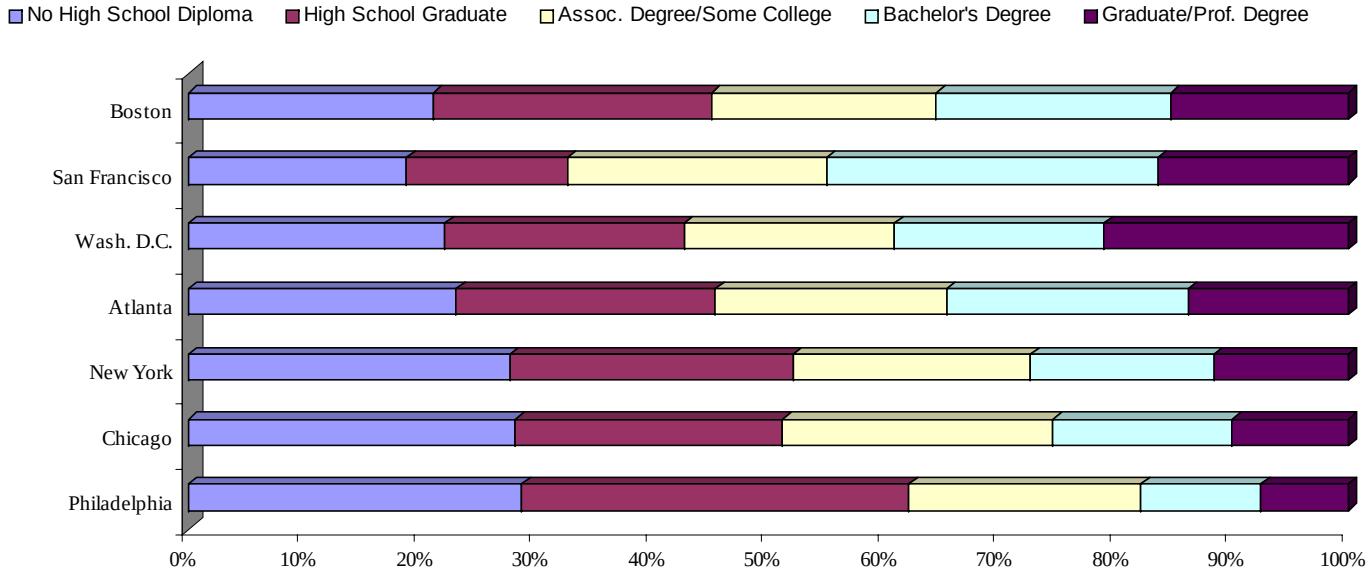


Hotel Development is also highly cyclical, but the current building-boom continues unabated. 2006 set an all-time record with 1,217 new rooms opening.

(5) Education

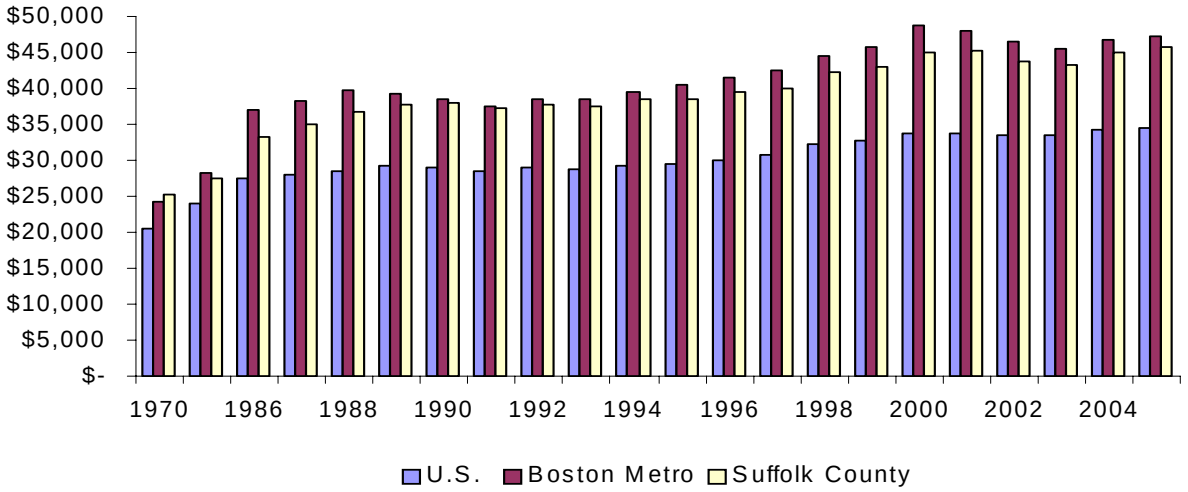
The educational attainment level of Boston residents has improved, resulting in Boston having one of the best-educated workforces of any city in the country in 2000.





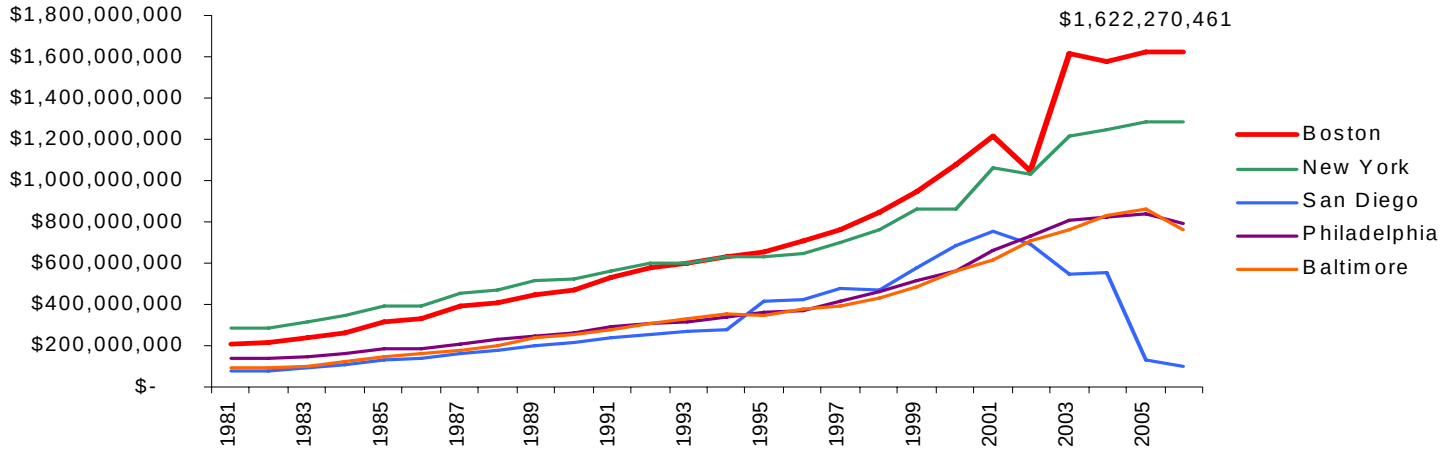
(6) Income

The educational attainment level of Boston's workforce and the abundance of professional services and finance jobs has resulted in an increasing per capita income.



(7) Research

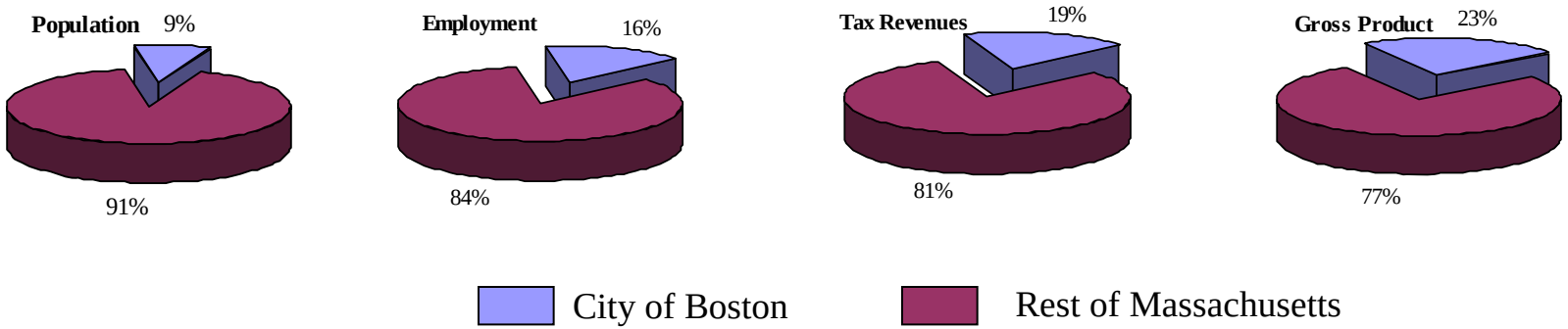
Higher education, health care, and research & development have made Boston the number one city in the country in NIH funding.



(8) Boston as an Economic Engine

With only 9% of Massachusetts' population, Boston generates 23% of Gross State Product.

In 2005



Notes and Sources:
Most of these data are discussed in the report *Leadership through Innovation: The History of Boston's Economy (B.R.A. Research, April 2003).*

- Boston's population and housing stock are reported by the U.S. Census Bureau in the Decennial Census of Population and Housing, 1950, 1960, 1970, 1980, 1990, and 2000. Average household size was calculated as the mean number of persons per occupied dwelling unit.
- Employment estimates were prepared by B.R.A. Research from U.S. Bureau of Economic Analysis (Regional Economic Information System) and Massachusetts Division of Unemployment Assistance (ES-202) data. The employment numbers count all jobs, full time and part time, including payroll, self-employed, proprietorship, and family business.
- Industry employment time series the Standard Industry Classification (SIC) System that was used to classify businesses and report employment through year 2000. The North American Industry Classification System (NAICS), which replaced the SIC system of reporting in 2001, is not completely compatible with the older accounting system. As a result, job statistics for 2001 and later cannot be exactly compared to older data.
- Unemployment rates are reported by the U.S. Bureau of Labor Statistics (U.S. and state) and by the Massachusetts Division of Unemployment Assistance (Boston).
- Office space and hotel development is monitored by the B.R.A. Research Department.
- Educational attainment is reported by the U.S. Census Bureau in the Decennial Census of Population and Housing. The questions asked by the Census Bureau have changed since 1970, and so it was not possible to present the same level of detail for Boston 1970 – 2000 as was done for Boston and other cities in 2000. Census Bureau statistics indicate that Massachusetts ranked first among states in both 1990 and 2000 for highest percent of adults with at least a 4-year bachelor's degree.
- Income per capita was estimated by the U.S. Bureau of Economic Analysis. These estimates are issued at the county level, and so Suffolk County is used to represent Boston (90% of Suffolk County's population resides in the city of Boston) and the five-county New England County Metro Area (NECMA) is used to represent the Boston metropolitan area. The five counties are: Suffolk, Middlesex, Essex, Plymouth, and Norfolk.

Health and scientific research grant funding to Boston institutions has been reported in "Federal R&D Spending in Boston" (B.R.A. Research, 2002): http://www.cityofboston.gov/bra/PDF/ResearchPublications//pdr_557.pdf and "Boston Continues to Lead Nation in NIH Awards" (B.R.A. Research, 2003): http://www.cityofboston.gov/bra/PDF/ResearchPublications//pdr_564.pdf